

27 MAR 1968

MEMORANDUM FOR: Chief, Insurance Branch
Chief, Personal Affairs Branch
Chief, Retirement Branch

SUBJECT : Assistance to Retirees

STATINTL

1. Today I had the privilege of speaking at [redacted] retirement seminar. Although given just a very few minutes, I did attempt to convey at least one message to those in the audience who are retiring. My message, although a simple one, is sincere and I trust that each of you will feel the same way and make me "honest" in the commitment I made to these retirees.

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2. As I remember, I stated that although the prospective retiree's formal relationship with the Agency will end, the Agency's interest in them will not end. I pointed out that both [redacted] and our office wish and actually do maintain a continuing relationship with employees who retire. I gave some examples of how we intercede on behalf of a retiree who is having difficulty with the underwriter in the settlement of hospital claims. We do much the same for retirees by interceding with the Bureau of Retirement and Insurance.

3. Please be sure that we respond as quickly to calls for help from retirees as we do when employees call. The least we can do for them is to attempt to resolve any problems they encounter that relate to their retirement situation.

4. I know I can count on each of you to be responsive.

[redacted]
Deputy Director of Personnel
for Special Programs

STAT

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STATINTL OP/BSD/[redacted] jas (28 Mar 68)

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DD/Pers
5E56 HQ

As mentioned in one of my comments above, it was his view that granting LWOP in the proposed fashion not only distorts the concept of deferred annuity but, in effect, establishes a new form of annuity.

I put another question to him: Assuming the validity of the statement that it is overwhelmingly in the Agency's interest to grant LWOP for this purpose, what would his reaction be when the retirement application is ultimately received by him? He said that he might well be forced to challenge the discretionary authority in a communication to the head of the Agency if it was determined that the Director in fact not only knew of the practice but approved of it, and there is probably little that Mr. Ruddock can do about it.

Harry:

After preparing the attached comments, I finally spoke with Mr. Ruddock, Director, Bureau of Retirement and Insurance, this morning and had a very interesting conversation with him. First, he acknowledged that there is nothing in the retirement law to prevent the use of LWOP in the proposed fashion but he had much to say about how it went beyond the discretionary authority in the leave act. He reaffirmed what we understood to be the case-- that he has no trouble in granting short periods of LWOP in those cases of disability retirement, for example, a disabled employee who has

(Over)

DD/Pers/SP
5E47 HQ

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He mentioned that this proposed use of LWOP was one of the ideas advanced by the Department of Defense when it was closing bases around the country. Apparently, DOD had some employees who were close to retirement eligibility and for whom LWOP could bridge the gap. After conversations with BRI, DOD dropped the idea as not being proper and as being a corruption of not only the LWOP discretionary authority but also of the retirement law.

Mr. Ruddock is one of our best friends in Government and I respect his opinion completely. I would, therefore, urge now that we abandon any suggestion to use LWOP in the fashion proposed.

MEMO FOR : DD/Pers

STATINTL

1. As I mentioned to you the other day, the question posed by Bob [REDACTED] i. e., the use of LWOP as a means of remaining on the rolls and to qualify for retirement, is at least a three-sided one.

a. On the one side, the gimmick could prove to be an extremely useful management tool. Aside from the cases apparently identified in the Clandestine Services where the tool might be useful, there could be many other individuals in both the CIA and Civil Service Retirement Systems who might be reasonably close to qualifying for an annuity but who are staying around until they complete the necessary service to vest their annuity. Should these cases actually exist it is entirely possible that the employees might be induced to leave now if LWOP for the necessary period is granted.

Once it is agreed that the LWOP gimmick can and should be used as a management tool, then what does it matter how much LWOP is granted? Bertha suggests a six months and one year limit. How does one draw the line? I see no problem in granting even longer periods of LWOP if in the first instance we find it is proper to use LWOP in this fashion and for this purpose. The fact that additional credit and, therefore, additional annuity is earned is more than offset by the salary the individual would have received had he remained on duty and by the other advantages which presumably accrue to the Agency.

b. On the other hand, this type of action must be recognized for what it really is— a new option for voluntary retirement. Here we have a case of an individual who is not now eligible for optional retirement. Yet, we are asked to permit him to leave and start his new second career and by continuing him on the rolls in a LWOP status, he ultimately will receive a regular and higher annuity—not that to which he is really entitled, a deferred annuity.

c. The third aspect of the question involves not the retirement laws and practices but, rather, the rules and regulations governing the granting of LWOP. As you know, the Federal Personnel Manual and our own regulations establish as a prerequisite to the granting of LWOP a reasonable expectation that the employee concerned will return to duty. (You will note that this prerequisite is recognized in the alternatives set forth in [REDACTED] paper where he indicates that the individual in both alternatives will return to duty before retiring.) To grant extended LWOP when it is perfectly clear that the employee is actually terminating his career goes right in the face of long-standing practice and use with respect to LWOP.

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2. My own view is that we could adequately explain this use of LWOP if we could honestly demonstrate that our doing so was in the best interest of the Agency and government because, in fact, some significant Agency benefit flows from granting LWOP as proposed. My only concern is the extent to which the practice will be abused. For example, we have already had cases of employees who while near the time for retirement left despite the fact that they would have to wait for a deferred annuity and also would have to forfeit health benefits and life insurance. It would be wrong to grant these individuals LWOP for the balance of the time they need to qualify for an immediate annuity since their plans were to leave the Agency anyway. Yet, once the word spreads on the proposed use of LWOP, it will be difficult to sort out the cases that deserve LWOP consideration from those that do not.

3. I suggest we have a round robin with D/Pers to discuss all of the implications of the attached proposal.

[REDACTED]

DD/Pers/SP

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